



## Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

February 20, 2004

**TO:** School District Administrators

**FROM:** Gerri Ogle, Associate Commissioner, Administrative and Financial Services  
Denise Pierce, Director, School Finance  
Tom Quinn, Director, School Governance

**RE:** February Financial Information

### Prior Year (2002-03) Foundation Formula Recalculation

As stated in the January 2004 memo, no recalculation of the 2002-03 Basic Formula and Line 14 will be made during the months of February through May. Please refer to the January memo for the explanation and the 2002-03 proration factor changes through January.

### Current Year (2003-04) Proration Factors

The current year proration factors have changed as follows:

	<u>Lines 1A &amp; 14A</u>	<u>Lines 1B &amp; 14B</u>
September 2003 (Current Year) Proration Factors	0.87907154	0.82907154
October 2003 (Current Year) Proration Factors	0.87754616	0.82754616
November 2003 (Current Year) Proration Factors	0.87607301	0.82607301
December 2003 (Current Year) Proration Factors	0.89453280	0.84453280
January 2004 (Current Year) Proration Factors	0.89412386	0.84412386
<b>February 2004 (Current Year) Proration Factors</b>	<b>0.89424121</b>	<b>0.84424121</b>

Data changes will continue to occur and the proration factors are likely to continue to change through the end of the fiscal year. The current year proration factors for December increased due to the release of the \$75M. By June 2004, the factors are likely to be approximately .89 and .84, respectively.

Please remain cautious in your spending for the current year and your planning and budgeting for next year.

### Remedial Reading Payment

The February payment for Remedial Reading (Accelerated/Developmental) is based on the district's 2003-04 Core Data. The current apportionment reflects the amount the district is entitled to receive for the 2003-04 school year. The actual February payment is an adjustment payment so that the year-to-date payment is equal to approximately 8/12<sup>th</sup> of the new annual apportionment. Please contact the Federal Programs Section at (573) 751-3520 with any questions about the district's current year Remedial Reading apportionment.

## 2004-05 Basic Formula and Line 14 Budget Projections

Reminder - The formula is sensitive to the changes in eligible pupils, tax rates, assessed valuations, free and reduced lunch eligible pupils, etc. The Guaranteed Tax Base (GTB) for 2004-05 (as defined by current statute) is \$155,536. *The district should project 2004-05 formula funding using updated district data as well as the 2004-05 GTB and various proration factors to provide a range of possible state funding levels for the district.* Please use the Basic Formula Calculation Program tool on the web at <http://dese.mo.gov/divadm/finance/tools/>.

Estimated proration factors for the following scenarios are:

	<u>Lines 1A, 14A</u>	<u>Lines 1B, 14B</u>
<u>FY05 Governor's recommendation</u>	.88 to .89	.83 to .84
funding equals FY03 appropriation \$2,175,891,721		
<u>FY05 House Bill 1002 as introduced</u>	.86 to .87	.81 to .82
funding equals FY03 after withholding \$2,093,926,789		
<u>FY05 funding equals FY04 funding before withholding</u>	.86 to .87	.81 to .82
Appropriation = \$2,075,857,670		
<u>FY05 funding equals FY04 funding after withholding</u>	.83 to .84	.78 to .79
Available = \$1,972,147,004		

If the FY05 funding is less than the FY04 funding after withholding, the proration factors will be further reduced. House Bill 1002 has not yet passed the House. No Senate funding proposals are available at this time. Continue to be conservative in your projections. As more information is known about funding, revised proration factor estimates will be provided. Even if the FY05 funding equals a previous year's funding level, districts will not receive the same amount of state money in FY05 as that previous year because of changes in eligible pupils, tax rates, assessed valuations, free and reduced lunch eligible pupils, etc.

The attached document provides the funding history of the [Foundation Program components from FY02 through the FY05](#) proposals.

## Estimated Eligible Pupils

Districts need to monitor the actual current year eligible pupil (EP) number closely over the next few months. If the district experienced growth in the 2003 summer school attendance or is experiencing growth in the 2003-04 regular term resulting in an EP greater than 2001-02 or 2002-03, you are strongly encouraged to submit an estimated EP on Core Data WEB Screen 2. Estimates or revisions to estimates for the 2003-04 year must be made by May 14, 2004.

Please review this topic in the January memo for more information on estimating eligible pupils.

## SB 686 (2003) – Certificated Salary Provisions

Section 165.016.9 of SB 686 (2003) states that certificated salary provisions do not apply if the district's preceding year unrestricted Incidental plus Teachers Funds fund balance is less than or equal to seventeen percent (17%) of expenditures in those funds in that year **and** the state's current year funding of the foundation formula Lines 1 minus 10 plus 14 is less than or equal to ninety-six percent (96%) of the state's Fiscal Year 2002 funding for those lines.

The August 2003 memo stated that the FY04 distribution (appropriation less the withholding in place at that time) did result in the FY04 state funding being less than 96% of the FY02 funding. However, the release of \$75 million of the withholding raises the FY04 distribution above 96% of the FY02 funding. The certificated salary provisions of Section 165.016, RSMo do apply for FY04.

## Missed School Days

School districts have missed a number of days this winter due to inclement weather and/or illnesses. Here is a brief review of the statutes (with emphasis added in a few places) pertinent to the school calendar.

- Section 171.031, RSMo, states: "Each school board *shall* prepare annually a calendar for the school term, specifying the opening date and providing a minimum term of at least one hundred seventy-four days and one thousand forty-four hours of actual pupil attendance."
- Section 163.021.1 provides: "A school district shall receive state aid for its education program *only* if it: (1) Provides for a minimum of one hundred seventy-four days and one thousand forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to section 160.041, RSMo, for each pupil or group of pupils, except that the board shall provide a minimum of one hundred seventy-four days and five hundred twenty-two hours of actual pupil attendance in a term for kindergarten pupils...."

- Section 163.021.1(4) states in part: "...Whenever there has existed within the district an infectious disease, contagion, epidemic, plague or similar condition whereby the school attendance is substantially reduced for an extended period in any school year, the apportionment of school funds and all other distribution of school moneys shall be made on the basis of the school year next preceding the year in which such condition existed...."

In summary, state law requires a school year of at least 174 days of pupil attendance. The Commissioner of Education is not authorized to waive a legal requirement such as this.

The law provides some cushion for the calculation of state aid when attendance has been adversely affected by illness by allowing the next preceding year's data to be used in various state aid payments, but it does not provide any exception to the 174-day requirement. Therefore, all days missed due to illness must be made up in the current year. Questions concerning your district's calendar may be addressed to Tom Ogle, School Core Data, at (573) 751-9060.

For MSIP purposes, exceptions may be considered for low attendance rates during the 2003-04 school year if the rates are inconsistent with the rates in the other comparison years, but these will be evaluated on a case-by-case basis.

## January Membership

Districts have recently reported January membership data as a total number on Screen 16 in the February cycle of Core Data. An enrollment count is NOT submitted with the January membership data. (The enrollment reported on Screen 16 is the September enrollment and relates only to the September membership data.)

## Students Eligible for Free or Reduced Lunch-Edit Form

The February 2004 Core Data cycle also included the collection, on Screen 15, of the students eligible for free or reduced price lunch as documented through the application process and/or through the direct certification process. The criteria for each type of free or reduced price lunch eligible student count are:

### Federal Programs Head Count of Free or Reduced Lunch Eligible Students

- Report the head count taken on January 28, 2004 of children ages 5-17 inclusive (as of October 1, 2003) who reside in the district, whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process) and who do not attend a private or parochial school.
- Report students on a head count basis. (Both part-time and full-time students are counted as 1 in the head count process.)
- Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- Students are reported by their county of residence. Desegregation students are counted by the district in which the student resides.

### SB 380 FTE Resident Free or Reduced Lunch Eligible Students

- Report the full-time equivalency count of resident students enrolled in grades K-12 on January 28, 2004 and in attendance at least one of the 10 preceding school days whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process). Desegregation students are considered residents of the district in which the students are educated.
- Report eligible students on a full-time equivalency (FTE) basis. A student attending one-half day is counted as .5, one-fourth day as .25, etc. **Therefore, kindergarten students attending less than the full day for per the first grade calendar are included in the counts as ratio of the kindergarten calendar divided by the first grade calendar. Example: If the calendar for "full day" students in a school is 1050 hours and the calendar for kindergarten students is 630 then the FTE for those kindergarten students would be 630/1050 or 0.60.**
- Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- Nonresident students are to be counted by the district which pays the tuition for those students and are reported as "Resident II Students".
- Do not count students for whom the Department does not distribute state aid. (Students in preschool, the Parents as Teachers Program or state schools are not counted for state aid purposes.)

### National School Lunch Count of Free or Reduced Lunch Eligible Students

- Report on the monthly lunch claim for food service reimbursement the highest number of students eligible for free or reduced price lunch during the month being reported.
- Report students on a head count basis. (Both part-time and full-time students are counted as 1 in the head count.)
- Eligible students are those eligible for free or reduced price meals that have access to the lunch program. This eligibility would include PK students and students up to age 21 that are enrolled in a high school grade and are allowed access to the lunch program.
- Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- Students are reported by the district in which they are educated.

## **Remediation Attendance Hours Outside the Traditional School Day**

Section 167.640, RSMo, discusses student promotion and remediation.

Section 167.640.1, RSMo, states:

“School districts may adopt a policy with regard to student promotion which may require remediation as a condition of promotion to the next grade level for any student identified by the district as failing to master skills and competencies established for that particular grade level by the district board of education.”

Section 167.640.3, RSMo, states:

“School districts providing remediation pursuant to this section outside of the traditional school day may count extra hours of instruction in the calculation of average daily attendance as defined in section 163.011, RSMo.”

The question “*what attendance hours count toward the inclusion of additional attendance hours?*” has been asked numerous times. The previously quoted section of the law states that the additional attendance hours outside the traditional school day are for those students requiring remediation as a condition for promotion to the next grade level based on the district developed policy to identify such students. While a district may have had an after-school tutoring program in place for several years to meet the varying needs of students, that program may not correspond to the remedial program based on district policy as required in Section 167.640.1, RSMo. After-school programs not specifically addressing remediation as a condition for promotion should not be recorded on Screen 14/14A as Remedial Hours. Remediation outside the regular school day for Step 1 students can be counted for additional attendance hours.

Section 167.645, RSMo, provides for additional reading improvement plans for students in grades four through six who test below a certain target grade level (below the second-grade level for a fourth grader). Section 167.645.3, RSMo, requires a minimum thirty hours of additional reading instruction or practice outside the regular school day for a student in grades four through six whose reading assessment indicated the student is reading below the target grade level. If your district provides reading improvement instruction for such students, the attendance hours of those students in such instruction outside the normal school day must be recorded separately from the students’ normal school day attendance.

In addition, Section 167.340.2, RSMo, states:

“Beginning July 1, 2000, if a school district provides reading improvement instruction for students in kindergarten through third grade who do not meet the district’s objectives for reading as demonstrated by performance on the district’s chosen methods of reading assessment, such students who receive reading improvement instruction pursuant to this subsection may be counted for additional average daily attendance for state school aid during their reading improvement instruction time if such time falls outside normal school hours.”

If your district provides reading improvement instruction for students in grades kindergarten through three, the attendance hours of those students in such instruction outside the normal school day must be recorded separately from the students’ normal school day attendance. Guidelines for this program have been developed by the Division of School Improvement.

*If your district is providing remediation during the 2003-04 year as described in Sections 167.340, 167.640 or 167.645, RSMo, the attendance hours of those students in such instruction outside the normal school day must be recorded separately from the students’ normal school day attendance. These attendance hours will be reported in the June Core Data cycle as REMEDIAL HOURS on Screens 14 and 14A.*

## ***SCHOOL GOVERNANCE***

There are no School Governance topics this month.

## ***SCHOOL TRANSPORTATION***

### **February Payment**

The school district’s February 2004 state transportation aid calculation (BU110) for the 2003-04 payment cycle has been posted to the School Transportation website. This calculation is based on the 2002-03 school year data taken from the state transportation aid documents filed with the Annual Secretary of the Board Report (ASBR). The percent of reduction to the calculated entitlement

computed for the February 2004 payment is 31.760139%. For districts using the transportation aid calculation computer program (available to download from the School Transportation web site) the February 2004 state constant for the A factor is 2.273309 and the B factor is 1.436546.

### **Ridership List**

Compilation of the school district's eligible and ineligible ridership lists for the year should now be completed. These lists should only include students' names who regularly rode the buses living one mile or more from school (eligible students for state aid) and less than one mile (ineligible students for state aid). The ridership list from the second Wednesday of October will be combined with the ridership list from the second Wednesday of February and reported at the end of the year on the Application for State Transportation Aid (Section I Pupil Data - A thru F) of the 2003-2004 ASBR due August 15, 2004.

### **School Transportation Administrator's Handbook**

The School Transportation Administrator's Handbook has been updated to include recent changes to statutes and regulations. The updated handbook is on the web at <http://dese.mo.gov/divadm/trans/adminhandmenu.html>. A hard copy will not be mailed. Please make this handbook available electronically or in hardcopy to all individuals in the district and/or bus contractor location who need this information.

### **Governor Holden Releases Transportation Funding Withholdings**

The Missouri Lottery Commission recently revised upward its projection of Lottery money available for FY04. Based on this new projection, the portion of the FY04 transportation withholding from Lottery funds has been released. The March 2004 calculation for State Transportation Aid will reflect the addition of \$5,298,792. The percent of reduction to the calculated entitlement is projected to be approximately 28%.

### **2004-05 Transportation Budget Estimate**

The 2004-05 Governor's budget recommendation for the transportation state aid formula is \$162,067,713. For purposes of planning the district's transportation budget for 2004-05, this funding level is estimated to result in an approximate 22% reduction on the district's Calculation for State Transportation Aid, Line 53, or approximately 78% proration of Line 52 (the district's state transportation aid entitlement).

The introduced House Bill 1002 reflects \$155,962,541 for the transportation state aid formula. For purposes of planning the district's transportation budget for 2004-05, this funding level is estimated to result in an approximate 25% reduction on the district's Calculation for State Transportation Aid, Line 53, or approximately 75% proration of Line 52 (the district's state transportation aid entitlement).

This projection will be updated throughout the legislative process.

### **Budget Projection Tool -Transportation Calculation Excel Spreadsheet**

A link is available on the School Transportation website under Entitlement Calculation to a Microsoft Office Excel spreadsheet of the transportation aid calculation. After the district downloads this program, the district simply inputs the ridership, mileage, expenditure and revenue data and the program will calculate the district's transportation aid based on that data. The district should then save the program on its computer. The proration percentage and the state constant A and B factors must always be updated with the latest projected numbers.

### **For Bus Permit Renewals - Physicals to be Accepted if Dated Within 12 Months**

The Department of Revenue will be reinstituting the policy to accept physicals dated within twelve months of the date of renewal. Last summer, the Department of Revenue had changed this requirement to within six months of the date of renewal to match the new applicant requirement, but have now reconsidered this policy change and have returned to accepting physicals dated within twelve months of the date of renewal. The new applicant requirement remains at six months.

DESE Homepage Address: <http://dese.mo.gov>